

ІНТЕГРАЦІЙНІ ПРОЦЕСИ В СВІТІ ТА В УКРАЇНІ: СПІВПРАЦЯ З ЄВРОПЕЙСЬКИМ СОЮЗОМ, ЕКОНОМІКА, МЕНЕДЖМЕНТ

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THE MAIN PRECONDITIONS FOR THE FORMATION OF SUSTAINABLE ENTREPRENEURSHIP

The problem of insufficient youth's stirring, their uncertainty in own forces and lack of practical knowledge, on the one hand, and a possibility to point out to them the importance of their self-realization, on the other hand, led to the idea of creation of this material, which is to show via the planned measures step-by-step the development of entrepreneurial activity of Ukrainian community. Such an environment should comprise appropriate legislation, financial support, incentives, & support structures & mechanisms.

Both in EU and EE countries, when the regulatory function of the state being abated, the citizens' entrepreneurial potency should increase and thereby lead to creation of new workplaces and to contribute to forming favorable social environment.

Thus, Europe is going to reach 75% of employed people from 20 to 64 years old till 2020. Despite a certain refinement of the economic situation, it is still unstable in whole. The EU member countries leaders agreed on the conclusion about the need of consolidation of efforts for creation of conditions for rational, stable and

comprehensive upturn. Among the main factors of economy strengthening according to the Europe 2020 strategy, development of knowledge-and-innovation-based economy is planned, thereto 3% of GDP of EU should be invested into researches and developments

The process of forming of entrepreneurship support infrastructure within the EE countries is gradually being activated. At the same time there is still a considerable disparity in enhancement of small innovation entrepreneurship & forming of single elements of the support infrastructure. Today there are many factors restraining development of start-ups & academic spin-offs. Thus, the public studies carried out in post-soviet countries among university graduates showed that 80% of respondents concede a possibility of opening own enterprise not earlier than in 3-5 years. The main reason for such a result is lack of business running practice. The following issues were mentioned as the principal ones in own business organization: consulting when choosing a competitive business idea, business plan elaboration, carrying out of marketing researches, a choice of organizational-and-legal form of business running, financial plan elaboration, running of bookkeeping & tax accounting.

In Ukraine today, the non-banking sector's support is insufficient for small enterprises. This is due to limited resources and non-bank institutions' increased risk associated with lending to small and medium-sized enterprises.

An review of the literature was undertaken to contextualize the study and draw some insights from both the theoretical and empirical literature that provided a framework for analysis for the study. This study borrowed heavily from previous studies on the SME sector that have been done in Ukraine and EU.

The special features of the functioning of small and medium enterprises include the ability to quickly respond to changing market conditions, rapidly develop new products and change production volumes. The management, marketing and production processes of small business have the closest relevance to each other. These provide a rational organization of the enterprise and its ability to fully mobilize the available resources, in particular the operational use of the achievements of scientific and technical progress [1].

The need for development of small and medium-sized enterprises is essential due to the fact that SMEs create most of the gross domestic product in countries with developed market economies. According to the UN, small enterprises employ more than 50% of the working population in the world. In countries such as the US, Japan, Germany, the share of GDP produced by small and medium-sized enterprises is 50-60% of their total volume, and the number of employees working in these, - 60% of the total number of working. At the same time, despite the fact that in Ukraine, small business support policy is declared a priority, as well as a simplified system of

taxation, small enterprises only contribute about 11% of the GDP and the employment rate does not exceed 20% [2].

Within the framework of the national program to promote small business in Ukraine, banks are developing special microcredit programs, which take into account the peculiarities of small and medium-sized enterprises. These programs define the special credit conditions, which are rapid processing of the loan; an easy repayment schedule; a flexible approach to the subject collateral and the value of collateral on the loan. Microcredit programs extend to enterprises, which employ up to 250 people [3].

The main advantages of EBRD credit lines are: the long-term use of funds, low interest rates, flexible and convenient repayment schedule with a maximum grace period of up to two years, (during which only interest is paid), the possibility of financing the means of production, the short-term financing of raw materials and spare parts, as well as the financing of export contracts, financing leasing.

According to EBRD the following type of projects were financed [4]:

- Capital investment;
- Projects in the service sector;
- Replenishment of working capital for manufacturing enterprises or enterprises providing services;
- Buying equipment, vehicles (cars, vans, special vehicles, etc.) to produce products, services or commercial activities;
- Acquisition of real estate to be used for the production of products, services or commercial activities;
- Repairs of fixed assets in the trade, manufacturing or service sector.

Small business lending procedure suggests reduction of time from the date of filing until the loan and in some cases, the lack of requirement for a business plan.

An important aspect of microcredit control process is when banks' credit risk department checks the reputation of the potential borrower and prepares an appropriate conclusion based on whether negative information is present.

As security for microcredit the bank accepts e.g. real estate, transport vehicles, equipment, private property, inventory, property rights, the future harvest etc.

Security is accepted based on liquidity value. The group of liquidity value includes:

- Real estate (residential and non-residential) in provincial and district centers;
- Rights to land in provincial and district centers;
- Imported vehicles (not older than five years) and domestic vehicles (not older than three years);
- Equipment which is in high demand;
- A universal commercial refrigeration equipment;

- Imported agricultural machinery (not older than three years);

The value of the collateral should provide for fast redemption of the loan and encourage the borrower to repay the loan on time, as well as in the case of repossession of collateral, to cover the bank's losses on credit operations.

Some of the major problems in lending to small enterprises mentioned by bank employees include [5,6]:

- The lack of long-term cheap financial resources (raising funds on deposits with a maturity over one year are too costly and risky, given the fluctuations in interest rates);
- An increased risk associated with a high degree of shadowing of the economy, business, dependence on a single person, and high vulnerability to changes in the external economic environment.

The company can therefore transfer the data to any lender or investor – directly or by authorising others – including the bank with which the company mainly deals to remit it bilaterally or through central registers and bureaux. On the other hand, the analysis of this information is the intellectual property of the bank, and should not be subject to forced disclosure.

Banks' assessment of SME information (scoring/rating) should not be standardised across European banks as the diversity of SME customers and markets within and between EU does not support a one-size-fits-all solution.

Any potential policy initiative would need to take into consideration the following principles:

- It should not place an additional administrative burden on SMEs.
- The minimum dataset should build on existing models and infrastructure.
- It should take into account the role an appropriate reciprocity model could play (where both parties benefit from data sharing) which is already standard practice in some countries.
- It should facilitate access to 'positive information (i.e. on the regularity of payments) in addition to negative information (non-payments) on the creditworthiness of SMEs.
- For micro-firms, where there is a more significant gap in credit information, data on a company's owner should be combined with company data. This considerably improves the credit assessment and related score, thus lowering the cost of credit. However, data protection concerns would have to be addressed.
- The dataset should be designed with the needs of an identified user base in mind and clearly demonstrate how it meets their needs.
- The initiative should also balance the potentially conflicting interests and objectives of all market participants.

Based on the European experience and Ukrainian realities we note that policy initiatives should primarily be developed at the national level in the field of lending to small and medium-sized businesses. It is necessary to develop an understanding of the need for access to certain types of information. This is the approach in the European Economic Area is proving effective.

Completeness of SMEs information and trade or commercial secrets: need to determine what information is a trade or commercial secret and cannot be disclosed.

Credit history: required the exchange of information about the negative credit history. Provision of information on positive credit history upon request. Tracking unscrupulous business owners (the fight against fraud).

The review show that it is important to improve the availability and sharing of credit information which is necessary for assessing the creditworthiness of SMEs. A minimum set of common, comparable data that is equally accessible by all interested parties is important to widening the investor base for SMEs, increasing competition and fostering the efficiency and integration of SME funding markets.

This is relevant for a wide range of stakeholders including Business Intelligence & Scoring firms, credit registries, banks, investors, SMEs, and public institutions.

SMEs themselves are the main providers and the most valuable source of credit information: education, training and capacity building for SMEs in financial management are key enablers in this regard.

Based on the European experience and Ukrainian realities we note that policy initiatives should primarily be developed at the national level in the field of lending to small and medium-sized enterprises. It is necessary to develop an understanding of the need for access to certain types of information. This is the approach in the European Economic Area is proving effective. As mentioned above, increasing the financial knowledge of SMEs and their ability to provide adequate, up-to-date information (especially for SME management) would directly contribute to improving the probability of SMEs obtaining credit, both by banks and non-bank lenders.

SME training procedures for obtaining loans and the need for disclosure to investors different types of information: create detailed instructions. Creating learning centres: private, based on banking associations, government, national central banks.

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The stimulation of the development of microcredit in Ukraine requires a comprehensive approach, the components of which may include: simplification of the mechanism of micro-credit; creating conditions for the development of non-bank financial institutions; improvement of legislative support of the activities of banks; state support information microcredit programs; reducing the tax burden and improving the mechanisms of investment and credit support to small and medium-sized enterprises; the establishment of the state program of preferential crediting of SMEs.

Universities should play a role of generators of young & innovative companies able to bring innovative ideas, up-to-date knowledge, & research outputs onto the market. They should serve as an agent of economic growth. A model of the university surrounded by affiliated companies, closely cooperating with the industry in the area of innovative developments application enables the university to be financially stable & independent. But there are many problems & obstacles on the way of building a university entrepreneurial model. We highlight the main challenges of such process [7,8]:

- insufficient experience & practice in entrepreneurial activity support at HEIs;
- weak relations among HEIs and business environment;
- lack of “stories of success” able to encourage research youth to enhance their leadership skills needed for implementation of existing business opportunities and to make the entrepreneurship an available carrier perspective.

To be successful in taking up the challenges of a dynamic external environment, it is necessary along with other active skills to enhance such competencies as: independent decision-making, ability to risk, advancement of personal talents, inward control, assertiveness, and a person’s entrepreneurial capabilities. This is caused by the need of search for innovative ideas and advancement of creative and entrepreneurial capabilities under the existing economic situation. Individual entrepreneurial characteristics are being developed efficiently during the whole life if they are transferred within the learning process through an interactive/practical way.

The proposed activities will actualize & foster the solving of such core priority trends of activity as: joining of efforts for creation & introduction of innovative ideas in manufacture of products and services, upgrading of education quality, improving of conditions for innovative entrepreneurship, providing with opportunities of obtaining new knowledge and skills and hereby contributing to labour resources mobility

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